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TO USMISSION NATO

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TAGS: NATO, MCAP

SUBJECT: NAC STATEMENT ON BURDENSARING

REF: USNATO 3818

BELOW IS STATEMENT ON BURDENSARING WHICH WE SUGGEST AMBAS-
SADOR RUMSFELD DELIVER BEFORE THE NAC AT ITS NEXT MEETING.

IT INCORPORATES CHANGES THAT HAVE BEEN APPROVED BY INTER-
ESTED WASHINGTON AGENCIES. THE LARGEST CHANGE IN THE
STATEMENT PROPOSED IN REFTEL IS THE DELETION OF THE
DETAILED MATERIAL ON BURDENSARING CATEGORIES AND PROJECTS
NOR DOES IT REFLECT SUGGESTIONS IN USNATO 4142. WE

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BELIEVE HIGH-LEVEL FOCUS SHOULD BE CONCENTRATED ON THE

BROADER POLITICAL AND ECONOMIC CONSIDERATIONS UNDERLYING OUR PROPOSAL. TO THE EXTENT THAT DETAILED MATERIAL IS NEEDED TO ASSIST THE ALLIES IN THEIR DELIBERATIONS, IT SHOULD BE PROVIDED (EXCEPT FOR ITEMS IN USNATO 4142, WHICH ARE UNDER CONSIDERATION HERE) TO THE WORKING GROUP STUDYING THE BURDENSARING ISSUE. FOR RATIONALE UNDERLYING OTHER CHANGES IN PROPOSED TEXT, SEE SEPTTEL ON BURDENSARING ACTION PROGRAM. THE TEXT SHOULD REMAIN CLASSIFIED AND NOT RELEASED TO THE GENERAL PUBLIC. TEXT FOLLOWS.

A STATEMENT ON BURDENSARING
THE CONCEPT OF BURDENSARING -- OF EQUITABLE APPORTIONMENT OF THE COSTS OF DETERRENCE AND DEFENSE -- HAS BEEN FUNDAMENTAL IN THE NATO RELATIONSHIP FROM THE BEGINNING.

THE PLEDGE THAT EACH MEMBER OF THE ALLIANCE WILL HAVE THE ASSISTANCE OF ALL OTHER MEMBERS IN THE EVENT OF ATTACK IMPOSES ON EACH ALLY THE RESPONSIBILITY FOR PROVIDING ITS FAIR SHARE OF HE COLLECTIVE DEFENSE.

IN ARTICLE 3 OF THE NORTH ATLANTIC TREATY, EACH SIGNATORY PLEDGED "CONTINUOUS AND EFFECTIVE SELF-HELP AND MUTUAL AID" TO DEVELOP AN INDIVIDUAL AND COLLECTIVE CAPACITY TO RESIST ARMED ATTACK. THE BURDEN IMPOSED ON EACH MEMBER OF THE ALLIANCE, ALTHOUGH A HEAVY ONE, IS FAR LESS THAN EACH WOULD BE FORCED TO ASSUME IF IT SOUGHT TO PROVIDE FOR ITS DEFENSE INDEPENDENTLY ON A NATIONAL BASIS WITHOUT THE HELP OF ALLIES. WHAT IS MORE, AS THE FIRST SACEUR, GENERAL EISENHOWER ONCE REMARKED, THE NATO COLLECTIVE SECURITY SYSTEM PROVIDES A BONUS: FOR THE WHOLE DEFENSE STRUCTURE, THIS PEACE-KEEPING MECHANISM IS MORE EFFECTIVE THAN THE SUM OF ITS PARTS.

THE PRINCIPLE OF EQUITABLE BURDENSARING HAS BEEN GIVEN RECOGNITION IN THE COMMITMENTS OF FORCES TO SACEUR AND SACLANT BY THE NATIONS OF THE ALLIANCE AND IN THEIR JOINT FUNDING OF THE COSTS OF MANY OF THE ALLIANCE'S INSTALLATIONS AND FUNCTIONS.

AS CONDITIONS CHANGE, EQUITY REQUIRES A READJUSTMENT
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OF THE BURDENS OF THE ALLIANCE. IN 1949, WHEN THE ALLIANCE WAS FORMED, WESTERN EUROPE WAS STILL IN THE PROCESS OF RECOVERY FROM THE SEVERE HUMAN AND ECONOMIC LOSSES OF THE SECOND WORLD WAR.

TODAY, IN CONTRAST WITH THE SITUATION WHEN THE ALLIANCE WAS FORMED, AND IN PART BECAUSE OF THE SECURITY PROVIDED BY THE ALLIANCE, EUROPEAN NATIONS

HAVE BUILT THRIVING ECONOMIES AND, ENJOY UNPARALLELED PROSPERITY.

IT IS A REMARKABLE SUCCESS STORY. THE AGGREGATE GNP OF OUR NATO ALLIES IS NOW NEARLY EIGHT TIMES WHAT IT WAS IN 1950. DURING THE SAME PERIOD, THE GNP OF THE UNITED STATES HAS INCREASED 4.5 TIMES.

IN 1950, TWO THIRDS OF THE COLLECTIVE GNP OF THE NATO NATIONS WAS ATTRIBUTABLE TO THE UNITED STATES. IN 1973, THE GNP OF OUR NATO ALLIES WAS NEARLY EQUAL THAT OF THE UNITED STATES AND WILL ALMOST CERTAINLY EXCEED IT IN 1974. DESPITE THIS DRAMATIC SHIFT IN THE RELATIVE ECONOMIC STRENGTH OF THE MEMBERS OF THE ALLIANCE, THE US HAS CONSISTENTLY MAINTAINED LARGE

DEFENSE BUDGETS. FOR EXAMPLE, US DEFENSE SPENDING IN 1972 WAS ABOUT DOLS 78 BILLION. THE US BUDGET PAYS FOR A SIGNIFICANT CONTINUING GENERAL PURPOSE FORCE CAPABILITY TO REINFORCE OUR EUROPEAN ALLIES IN TIMES OF CRISES, BOTH IN TERMS OF US FORCES IN EUROPE AND IN THE CONTINENTAL UNITED STATES. FURTHER, THE US BUDGET INCLUDES A MULTI-BILLION DOLLAR EXPENDITURE FOR STRATEGIC FORCES. WHILE IT IS TRUE THAT NOT ALL US FORCES ARE MAINTAINED SOLELY FOR COMMITMENT TO NATO, IT MUST BE RECOGNIZED THAT THE ENTIRE US FORCE STRUCTURE --WHEREVER IT MAY BE AND REGARDLESS OF ITS INTENDED USE -- CONTRIBUTES SIGNIFICANTLY TO NATO'S TOTAL DETERRENT CAPABILITY, THUS IS BENEFICIAL TO THE ENTIRE ALLIANCE.

THE US BALANCE OF PAYMENTS SURPLUS OF THE POST-WAR ERA IS NOW BUT A DISTANT MEMORY. EVERY YEAR SINCE
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1950 EXCEPT ONE, THE US HAS EXPERIENCED A DEFICIT IN THE BASIC BALANCE, I.E., THE BALANCE ON CURRENT ACCOUNT AND LONG-TERM CAPITAL MOVEMENTS. THAT BASIC DEFICIT IN CALENDAR YEAR 1972 WAS DOLS 9.2 BILLION, FAR GREATER THAN THAT OF ANY OTHER NATO ALLY. IN CALENDAR YEAR 1971, THE BASIC BALANCE OF PAYMENTS OF THE ALLIANCE, EXCLUDING THE UNITED STATES, WAS OVERWHELMINGLY IN SURPLUS, AND ALTHOUGH FIGURES FOR CALENDAR YEAR 1972 ARE NOT AVAILABLE FOR ALL MEMBER NATIONS, IT IS CLEAR THAT ANOTHER LARGE SURPLUS WAS RECORDED LAST YEAR. OF THE BASIC DEFICIT, THE MILITARY BALANCE OF PAYMENTS DEFICIT OF THE UNITED STATES WITH NATO EUROPE MADE UP ABOUT 15 PERCENT OF THE TOTAL.

IN RESPONSE TO ECONOMIC AND OTHER CHANGES, THE MEMBER NATIONS HAVE RECOGNIZED THE NEED FOR SHIFTS IN THE ALLOTMENT OF THE BURDENS WITHIN THE ALLIANCE AND HAVE FROM TIME TO TIME TAKEN ACTION WHICH HAS RESULTED IN REALLOCATION OF THEM. THESE REALIGNMENTS HAVE BEEN WIDELY RECOGNIZED IN THE UNITED STATES AND HAVE MADE A MEANINGFUL CONTRIBUTION BOTH TO NATO'S REAL DEFENSE CAPABILITY AND TO THE BROAD PUBLIC AND OFFICIAL ACCEPTANCE WHICH THE ALLIANCE HAS ENJOYED TO BOTH SIDES OF THE ATLANTIC.

THE METHOD BY WHICH THE MAJOR PART OF THE REALLOCATION OF BURDENS HAS BEEN ACHIEVED IS BY CHANGES IN NATIONAL DEFENSE BUDGETS. IN 1953, THE DEFENSE EXPENDITURE OF THE US CONSTITUTED 77 PERCENT OF THE AGGREGATE DEFENSE SPENDING OF THE NATO ALLIES. IN 1963, THE US CONTRIBUTION WAS 72 PERCENT OF COLLECTIVE TOTAL

DEFENSE EXPENDITURE. IN 1973, US DEFENSE EXPENDITURE, THOUGH CONSIDERABLY ABOVE THE LEVEL OF 20 YEARS OR 10 YEARS AGO, HAS SHRUNK IN RELATIVE TERMS TO 66 PERCENT OF THE AGGREGATE TOTAL FOR THE ALLIANCE MEMBERS.

FURTHERMORE, NATO HAS ACTED COLLECTIVELY IN REDUCING THE US COST SHARE OF NATO INFRASTRUCTURE PROGRAM FROM ALMOST 44 PERCENT IN THE EARLY 1950'S TO
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THE CURRENT 29.67 PERCENT. BEYOND THIS, THE EUROGROUP NATIONS HAVE ACHIEVED A FURTHER PERCENTAGE REDUCTION OF THE US COST SHARE OF THE PROGRAM BY CONTRIBUTING SOME DOLS 450 MILLION DURING THE PERIOD 1971-1975 FOR THE CONSTRUCTION OF AIRCRAFT SHELTERS, A PROJECT WHICH HAS CONSIDERABLE US IMPORT.

FINALLY, SIGNIFICANT PROGRESS TOWARD MORE EQUITABLE BURDENSARING WAS MADE WITH THE CONCLUSION OF A SERIES OF BILATERAL OFFSET AGREEMENTS BETWEEN THE US AND THE FRG BEGINNING IN THE EARLY 1960S. THESE EFFORTS, WHICH HELPED TO OFFSET IN PART THE CONTINUING BALANCE OF PAYMENTS DEFICIT ON MILITARY ACCOUNT THAT ACCRUES TO THE US AS A RESULT OF STATIONING FORCES ABROAD, HAVE BEEN WIDELY ACKNOWLEDGED AMONG AMERICAN CONGRESSIONAL AND PUBLIC OPINION FOR THEIR CONTRIBUTION TO BURDENSARING.

1970: A LANDMARK YEAR IN BURDENSARING

IN THE SECOND HALF OF THE 1960'S, PROGRESS IN STRENGTHENING ALLIANCE DEFENSE AND IN EQUITABLY

SHARING BURDENS BEGAN TO FALTER. THE EUROPEAN MEMBERS OF THE ALLIANCE AND CANADA COLLECTIVELY FAILED TO INCREASE DEFENSE SPENDING ENOUGH TO KEEP UP WITH INFLATION. THE US, THOUGH SUBSTANTIALLY INCREASING ITS DEFENSE EXPENDITURE, DID SO BECAUSE OF ITS INVOLVEMENT IN WAR IN SOUTHEAST ASIA.

IN 1970, NATO'S ENERGY WAS RENEWED IN A SERIES OF INITIATIVES WHICH INVOLVED IMPORTANT PROGRESS TOWARD READJUSTMENT OF THE BURDENS OF THE ALLIANCE. IN THE SUMMER AND FALL, NATO UNDERTOOK A STUDY OF ALLIANCE DEFENSE PROBLEMS OF THE SEVENTIES (AD-70) WHICH REVEALED A NUMBER OF AREAS REQUIRING IMPROVEMENT IN NATO'S DEFENSE FORCES. AS A RESULT, A COMPREHENSIVE PROGRAM TO REMEDY WEAKNESSES IN THE CONVENTIONAL FORCES OF THE ALLIANCE WAS LAUNCHED IN DECEMBER 1970. AT THE SAME TIME, THE PRESIDENT ANNOUNCED THAT GIVEN A SIMILAR APPROACH BY THE ALLIES,

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THE UNITED STATES WOULD MAINTAIN AND IMPROVE ITS FORCES IN EUROPE AND NOT REDUCE THEM UNLESS THERE WERE RECIPROCAL FORCE REDUCTIONS BY THE WARSAW PACT. THE EUROGROUP ALSO CAME FORWARD WITH THE EUROPEAN DEFENSE IMPROVEMENT PROGRAM(EDIP) IN DECEMBER OF THAT YEAR. IN THE MEANTIME, THE FRG CONTINUED ITS PARTIAL NEUTRALIZATION OF THE BALANCE OF PAYMENTS
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